

oceanic iron ore
OF CANADA LIMITED

annual report
FOR THE YEAR ENDED DECEMBER 31st, 1959

APR 5 1960

OCEANIC IRON ORE OF CANADA LIMITED

OFFICERS

W. H. BOUCK, Toronto, Ontario	President
J. B. AIRD, Toronto, Ontario	Vice-President
G. BAKER, Toronto, Ontario	Secretary
K. DUNN, Toronto, Ontario	Treasurer

DIRECTORS

J. B. AIRD	Toronto, Canada
W. H. BOUCK	Toronto, Canada
D. R. DERRY	Toronto, Canada
W. B. MALONE	Toronto, Canada
J. A. SADLER	Toronto, Canada

HEAD OFFICE

SUITE 1100	
335 BAY STREET	Toronto, Ontario

TRANSFER AGENT AND REGISTRAR

CHARTERED TRUST COMPANY	Toronto, Ontario
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OCEANIC IRON ORE OF CANADA LIMITED

Directors' Report to the Shareholders

On behalf of the Board of Directors, I present herewith the Annual Report of your Company for the year ended December 31, 1959, including the consolidated financial statements as reported on by the Company's auditors and a report on the Company's mining properties by Mr. H. R. Buckles, P. Eng.

As stated in the Engineer's Report, diamond drilling has indicated a considerable tonnage of iron ore at the Ungava property. Your directors do not consider that world economic conditions warrant bringing the property into production at this time, particularly in view of the financing problems which would be involved in a project of this magnitude.

On behalf of the Board of Directors,

W. H. BOUCK,

President.

Toronto, Ontario.
March 31, 1960.

OCEANIC IRON ORE

(Incorporated under

AND ITS WHOLLY

Consolidated Balance Sheet

ASSETS

CURRENT ASSETS

Cash\$ 1,803

FIXED ASSETS, OTHER ASSETS AND DEFERRED EXPENDITURE

Mining Claims held under exploration licence (Note 1)	\$ 100,000	
Buildings and equipment (Note 1)	72,333	
Exploration, development and administration expense (Note 1)	1,486,308	
Materials and supplies — at cost	52,323	
Organization expense	5,148	<u>1,716,112</u>

APPROVED ON BEHALF OF THE BOARD

W. H. BOUCK, Director.

W. B. MALONE, Director.

\$1,717,915

AUDITORS' REPORT

We have examined the consolidated balance sheet of Oceanic Iron Ore of Canada Limited and its wholly owned subsidiary as at December 31, 1959, and the consolidated statement of exploration, development and administration expense for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

TORONTO,
MARCH 24, 1960

OF CANADA LIMITED

Laws of Ontario)

OWNED SUBSIDIARY

as at December 31, 1959

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 5,997	
Due to an associated company	38,550	
Demand loans payable to an associated company (Note 2)	660,000	
Accrued interest on loans (Note 2)	<u>95,654</u>	\$ 800,201

SHAREHOLDERS' EQUITY (Note 2)

Capital Stock —		
Authorized —		
10,000,000 shares of a par value of 35¢ each	<u>\$3,500,000</u>	
Issued —		
2,605,540 shares	911,939	
Contributed surplus arising from premium received on shares issued	<u>5,775</u>	<u>917,714</u>

NOTES:

1. The amounts shown for mining claims, buildings and equipment, and exploration, development and administration expense represent costs to date and are not intended to reflect present or future values.
2. Reservation of unissued share capital —
35,200 unissued shares of capital stock are reserved against the exercise of options granted to employees of the company and of associated companies to purchase shares at \$2 per share on or before June 5, 1960, or the date of termination of employment, whichever is earlier.

The associated company which has advanced \$660,000 to December 31, 1959 has the right to convert any unpaid portion of the loans and the accrued interest thereon into shares of capital stock as follows:

- (a) On the first \$600,000 and the accrued interest thereon at the rate of one share for each \$2 of the unpaid indebtedness.
- (b) On the remaining \$60,000 and the accrued interest thereon at the rate of one share for each 75¢ of the unpaid indebtedness.

\$1,717,915

THE SHAREHOLDERS

In our opinion, the accompanying consolidated balance sheet, when read in conjunction with the note appended thereto, and the consolidated statement of exploration, development and administration expense present fairly the financial position of the companies as at December 31, 1959, and the combined results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPER BROTHERS & CO.

Chartered Accountants.

OCEANIC IRON ORE OF CANADA LIMITED

AND ITS WHOLLY OWNED SUBSIDIARY

CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATION EXPENSE FOR THE YEAR ENDED DECEMBER 31, 1959

BALANCE — DECEMBER 31, 1958		\$1,430,383
Development —		
Surface exploration and prospecting	\$ 13,269	
Baffin Island project	<u>38</u>	13,307
Field Administration —		
General camp expense	1,197	
Travelling	<u>597</u>	1,794
Head Office and Administration —		
Interest	39,254	
Audit	300	
Registrar and stock certificate expense	586	
Taxes, licences and insurance	338	
Head office expense	20	
Printing, stationery and advertising	<u>326</u>	<u>40,824</u>
BALANCE — DECEMBER 31, 1959		<u><u>\$1,486,308</u></u>

OCEANIC IRON ORE OF CANADA LIMITED

Engineer's Report

The President and Directors,
OCEANIC IRON ORE OF CANADA LIMITED.

Gentlemen,

The following report summarizes your Company's position as at December 31, 1959.

UNGAVA

The Company holds under an Operating Licence in the form of a lease, through its wholly-owned subsidiary, Oceanic Iron Ore (Quebec) Ltd., approximately 119 square miles covering iron deposits immediately south of Payne Bay on the west side of Ungava Bay, Quebec.

The ground was originally acquired in the form of a very large group of claims and subsequently transferred into an Exploration Licence No. 31392, issued in July 1956. This Licence covered two tracts of land of 83 and 36 square miles, designated as Blocks "F" and "G" respectively.

To make provision for the Exploration Licence to be replaced by an Operating Licence, or lease, the Quebec Legislature passed a private bill, Bill 62, which was confirmed on October 23rd, 1959. An Order in Council, No. 661, was approved June 5, 1959, authorizing the Minister of Mines to issue to Oceanic Iron Ore (Quebec) Ltd. an Operating Licence in the form of a lease on Block F2, the block chosen by the Company. This Block, taken up into an operating licence on July 1st, 1959, is held under the regulations covered by Bill 62, as are the remaining blocks.

A survey was commenced in 1958 on the original two blocks, F and G, held under the former Exploration Licence No. 31392. Block F was subdivided into seven separate blocks — F1 to F7 inclusive; Block G was subdivided into three blocks — G1 to G3 inclusive. The only work carried out in 1959 was the completion of the survey.

SUMMARY OF INDICATED ORE RESERVES

The estimates include only those areas that have been diamond drilled.

TONNAGE ESTIMATES OF IRON FORMATION

	Long Tons	Magnetic Concentration		
		Weight % Recovered	Iron %	Iron Units Recovered
PAYNE RANGE				
Indicated Iron Formation	56,800,000	35.8	65.0	23.3
Partially Indicated (Possible Ore)	14,500,000	36.7	71.0	26.1
Total Payne Estimates	<u>71,300,000</u>	<u>35.97</u>	<u>66.32</u>	<u>23.85</u>
MORGAN RANGE				
Indicated Iron Formation	250,000,000	39.3	64.5	25.30
Partially Indicated (Possible Ore)	100,000,000	37.6	60.3	22.70
Total Morgan Estimates	<u>350,000,000</u>	<u>38.8</u>	<u>63.3</u>	<u>24.56</u>
TOTAL	<u>421,300,000</u>	<u>38.34</u>	<u>63.81</u>	<u>24.46</u>
Low Grade Iron Formation:				
Morgan Range	181,000,000	25.8	65.4	16.88

BAFFIN ISLAND

The Company holds four 160 acre claims in the Foxe Peninsula on Baffin Island, covering outcrop of low grade concentrating iron ore. No work was carried out in 1959. The claims are in good standing until October 1960.

H. R. Buckles, B.Sc.,
Professional Engineer.

February 25th, 1960.

